

HOUSE BILL REPORT

SSB 5436

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to payment arrangements involving direct practices.

Brief Description: Concerning direct patient-provider primary care practice arrangements.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Murray, Keiser, Pflug, Marr, Parlette, Kastama and Roach).

Brief History:

Committee Activity:

Health Care & Wellness: 3/24/09, 3/26/09 [DPA].

**Brief Summary of Substitute Bill
(As Amended by House)**

- Removes restrictions on direct patient-provider primary care practices related to lab and imaging services, accepting payments from insurers, self-insured plans, and employer third parties.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass as amended. Signed by 9 members: Representatives Cody, Chair; Driscoll, Vice Chair; Campbell, Clibborn, Green, Kelley, Moeller, Morrell and Pedersen.

Minority Report: Do not pass. Signed by 4 members: Representatives Ericksen, Ranking Minority Member; Bailey, Herrera and Hinkle.

Staff: Dave Knutson (786-7146)

Background:

Legislation passed in 2007 created a new chapter in Title 48 for direct patient-provider primary health care practices. The direct practices were explicitly exempted from the definition of health care service contractors in insurance law. Direct practices furnish

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primary care services in exchange for a direct fee from a patient. Services are limited to primary care including screening, assessment, diagnosis, and treatment for the purpose of promotion of health, and detection and management of disease or injury. Direct practices are allowed to pay for charges associated with routine lab and imaging services provided in connection with wellness physical examinations. Direct practices are prevented from accepting payments for services provided to direct care patients from regulated insurance carriers, all insurance programs administered by the Health Care Authority, or self-insured plans. Direct practices may accept payment of direct fees directly or indirectly from non-employer third parties, but are prevented from selling their direct practice agreements directly to employer groups.

Beginning December 1, 2009, the Office of the Insurance Commissioner (OIC) must begin reporting to the Legislature annually on direct practices, including participation trends and complaints received. By December 1, 2012, the OIC must submit a study of direct care practices including the impact on access to primary health care services, premium costs for traditional health insurance, and network adequacy.

Summary of Amended Bill:

Direct practices furnishing primary care are allowed to pay for charges associated with routine lab and imaging services. The restriction that these services be limited to wellness examinations is removed. Direct practices may be selected as a pilot site for a primary care medical home reimbursement project.

Amended Bill Compared to Original Bill:

The restrictions on accepting payments for services from insurers is maintained. The limit on direct practices accepting payment of direct fees from employer third parties is maintained. The OIC is not required to work with Health Maintenance Organizations to determine how they could operate as a direct practice. Direct practices may be selected as a pilot site for a primary care medical home reimbursement project.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Direct practices offer a more affordable patient-friendly experience than regular health insurance coverage. Businesses should be able to contract directly with direct practices on behalf of their own employees without going through a third party.

(Opposed) Direct practices have been exempted from the regulatory requirements that health insurance companies are required to follow and yet they are attempting to act just like health insurance carriers. If the Legislature permits this, then health insurance carriers should be allowed to do the same thing. There needs to be a level playing field.

Persons Testifying: (In support) Chapin Henry and Norm Wu, Qliance; and Rick Cordray, Tri-Tec Manufacturing, Inc.

(Opposed) Sydney Smith Zvara, Association of Washington Health Care Plans; Carrie Tellefsen, Regence BlueShield; and Mel Sorensen, America's Health Insurance Plans.

Persons Signed In To Testify But Not Testifying: Lisa Thatcher, Qliance.